

ORIGINAL



0000133700

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

GARY PIERCE, Chairman  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP  
BRENDA BURNS

2012 JAN 27 P 1:14

Arizona Corporation Commission

DOCKETED

JAN 27 2012

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF  
SUN CITY WATER COMPANY AND SUN CITY  
WEST UTILITIES COMPANY FOR APPROVAL  
OF CENTRAL ARIZONA PROJECT WATER  
UTILIZATION PLAN AND FOR AN  
ACCOUNTING ORDER AUTHORIZING A  
GROUNDWATER SAVINGS FEE AND  
RECOVERY OF DEFERRED CENTRAL  
ARIZONA PROJECT EXPENSES

DOCKET NO. W-01656A-98-0577  
DOCKET NO. WS-02334A-98-0577

**ARIZONA-AMERICAN WATER COMPANY  
SUN CITY WATER DISTRICT  
SUN CITY WEST WATER DISTRICT  
NOTICE OF FILING  
GROUNDWATER SAVING FEES FOR YEAR 2012**

Arizona-American Water Company ("Company") hereby timely files revised Groundwater Saving Fees for its Sun City Water and Sun City West Water Districts, as initially authorized by the Commission in Decision No. 62293 (February 1, 2000) and as updated through numerous Commission decisions.

For Sun City Water, based on the current reconciliation calculations, fees are under collected by only \$24,266 as of December 31, 2011, with 2012 estimated costs of \$506,869, resulting in the revised Groundwater Savings Fee for residential customers of \$1.2043 per unit, and \$0.0994 per 1,000 gallons for all other customers. Current fees are (\$0.8325) per unit for residential and (\$0.0590) per 1,000 gallons for all other customers.

For Sun City West Water, based on the current reconciliation calculations, fees are over collected by only (\$4,585) as of December 31, 2011, with 2012 estimated costs of \$287,012, resulting in the revised Groundwater Savings Fee for residential customers of \$1.1866 per unit, and \$0.1302 per 1,000 gallons for all other customers. Current fees are (\$0.1245) per unit for residential and (\$0.0131) per 1,000 gallons for all other customers.

These updated fees are to be effective March 1, 2012. Copies of work papers supporting the revised fees as well as the revised tariff schedules are attached. Customers will be informed by bill text message of the change.

1                   **RESPECTFULLY SUBMITTED** on January 27, 2012.

2  
3                   *Sandra L. Murrey*  
4                   Sandra L. Murrey  
5                   Rates Analyst  
6                   Arizona-American Water Company  
7                   2355 W. Pinnacle Peak Road, Suite 300  
8                   Phoenix, AZ 85027  
9

10                  Original and 13 copies **filed**  
11                  on January 27, 2012, with:

12  
13                  Docket Control  
14                  Arizona Corporation Commission  
15                  1200 West Washington  
16                  Phoenix, Arizona 85007  
17

18  
19                  Copies of the foregoing **mailed**  
20                  on January 27, 2012, to:

21  
22                  Legal Division  
23                  Arizona Corporation Commission  
24                  1200 West Washington St.  
25                  Phoenix, Arizona 85007  
26

27                  Steve Olea  
28                  Director  
29                  Utilities Division  
30                  Arizona Corporation Commission  
31                  1200 West Washington St.  
32                  Phoenix, Arizona 85007  
33

34                  Daniel Pozefsky  
35                  Counsel  
36                  Residential Utility Consumer Office  
37                  1110 West Washington Street  
38                  Suite 220  
39                  Phoenix, Arizona 85007  
40

41                  Brian Bozzo  
42                  Compliance and Enforcement Manager  
43                  Utilities Division  
44                  1200 West Washington St.  
45                  Phoenix, AZ 85007  
46

47                  By: \_\_\_\_\_  
48

**ARIZONA-AMERICAN WATER COMPANY  
GROUNDWATER SAVINGS FEE UPDATE**

**2012 Proposed Rates**

**Total Monthly Groundwater Savings Fee:**

**Sun City Water -**

Residential, per Household	\$	1.2043
Commercial, Public Authority, and Irrigation (per 1,000 gal.)	\$	0.0994

**Sun City West Water-**

Residential, per Household	\$	1.1866
Commercial (per 1,000 gal.)	\$	0.1302

**Note:** Deferred CAP Costs have been fully amortized and costs recovered.  
Therefore, this tariff is for current costs only.

Data for calculations is through December 2011

**ARIZONA-AMERICAN WATER COMPANY**  
**GROUNDWATER SAVINGS FEE UPDATE**

**Recovery Target and Tariff Calculations**  
**Data as of 12/31/11**

	<b>Sun City West</b>			<b>Sun City</b>	
Balances from 2010 Approved Tariff Calculation					
Grand Total (Over) / Under Collected Through August 2010		\$ (228,079)	a		\$ (710,046) a
Sept - Dec 2010 Annual Costs	\$ 25,341			39,210	
Sept - Dec 2010 Surcharge Revenues	\$ (59,871)			(73,750)	
2010 (Over) Under Collected		\$ (34,530)			\$ (34,540)
2011 Annual Costs	\$ 229,584			405,733	
2011 Surcharge Revenues	\$ 28,440			363,119	
2011 (Over) Under Collected		\$ 258,024			\$ 768,852
<b>Grand Total (Over) Under Collected</b>		<b>\$ (4,585)</b>			<b>\$ 24,266</b>
Residential Allocation		\$ (3,905)	b		\$ 20,138 b
Projected Number of Units Billed		202,687	d		366,007 d
<b>Monthly Charge Per Household - Previous Years</b>		<b>\$ (0.0193)</b>			<b>\$ 0.0550</b>
Other Customer Allocations		\$ (680)	c		\$ 4,128 c
Projected Consumption (kgs)		321,952	d		908,638 d
<b>Monthly Charge per 1,000 gal. - Previous Years</b>		<b>\$ (0.0021)</b>			<b>\$ 0.0045</b>
<b>Estimated Payments for 2012</b>					
	<u>2012</u>	<u>Acre Feet</u>		<u>Acre Feet</u>	
<u>CAP Payments</u>	<u>Rates</u>	<u>Allocation</u>		<u>Allocation</u>	
M&I Delivery Rate	\$ 122	2,372 \$ 289,384		4,189 \$ 511,058	
Capital Charge Rate	\$ 15	2,372 35,580		4,189 62,835	
MWD Credit Rate	\$ (16)	2,372 (37,952)		4,189 (67,024)	
2012 Expense Recovery Target		\$ 287,012			\$ 506,869
Total 2012 Recovery Target		\$ 287,012			\$ 506,869
Residential Allocation		\$ 244,419	b		\$ 420,648 b
Projected Number of Units Billed		202,687	d		366,007 d
<b>Monthly Charge Per Household - Current</b>		<b>\$ 1.2059</b>			<b>\$ 1.1493</b>
Other Customer Allocations		\$ 42,593	c		\$ 86,221 c
Projected Consumption (kgs)		321,952	d		908,638 d
<b>Monthly Charge per 1,000 gal. - Current</b>		<b>\$ 0.1323</b>			<b>\$ 0.0949</b>
<b>Monthly Charge Residential, per Household - Net</b>		<b>\$ 1.1866</b>			<b>\$ 1.2043</b>
<b>Monthly Charge Other, per 1,000 gals - Net</b>		<b>\$ 0.1302</b>			<b>\$ 0.0994</b>

- a Total (Over) / Under Collected approved per Decision No. 72046 (effective September 10, 2010).  
b Allocated to Residential based on December 2011 YE revenues: Sun City 83%; Sun City West 85%  
c Allocated to Other Customers based on December 2011 YE revenues: Sun City 17%; Sun City West 15%  
d Applied amounts as of 12 month ending December 2011.

# Sun City West Water Groundwater Savings Reconciliation 2010 - 2011 Revenue and Expense

2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals	84.40%
	(26,864)	(26,869)	(26,884)	(26,897)	(26,790)	(26,710)	(26,714)	(26,703)	(26,750)	(26,728)	1,981	2,011	(263,918)	15.60%
Residential (401119)	(3,777)	(3,464)	(3,464)	(4,166)	(5,183)	(5,886)	(6,332)	(6,140)	(6,063)	(4,994)	344	328	(48,796)	
Commercial (401219)	(30,641)	(30,333)	(30,348)	(31,063)	(31,973)	(32,596)	(33,047)	(32,843)	(32,813)	(31,722)	2,325	2,339	(312,715)	100.00%
Total Revenue														
M&I	39,985	39,985	39,985	39,985	39,985	39,985	39,985	39,985					279,896	
Cap Charges				17,790						17,790			35,580	
MWD Credit	-	-	-	(5,424)	(5,424)	(5,424)	(5,424)	(5,424)	(5,424)	(5,408)	-	18,383	(19,569)	
Total Expense	-	39,985	39,985	52,351	34,561	34,561	34,561	34,561	(5,424)	12,382	-	18,383	295,907	
(Over) / Under Collected 2010								17,722				(34,530)	(16,808)	
2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals	85.16%
	2,002.83	2,012.15	2,012.45	2,023.64	2,021.69	2,018.37	2,019.24	2,020.32	2,021.44	2,018.95	2,022.60	2,026.93	24,221	14.84%
Residential (403119)	284.96	285.82	254.83	328.81	335.17	386.88	428.80	415.34	460.75	380.33	361.76	295.65	4,219	
Commercial (403120)	2,267.79	2,297.97	2,267.28	2,352.45	2,356.86	2,405.25	2,448.04	2,435.66	2,482.19	2,399.28	2,384.36	2,322.58	28,439.71	100.00%
Total Revenue														
M&I	41,341	41,341	41,341	41,341	41,341	41,341	41,341	41,341					289,384	
Cap Charges				17,790						17,790			35,580	
MWD Credit	-	(41,341)	(16,087)	(2,784)	(5,856)	(5,856)	(5,872)	(5,872)	(5,856)	(5,856)	-	-	(37,952)	
CAP Credit for prior year	-	-	25,253	56,347	35,485	35,485	35,469	35,469	(5,856)	11,934	-	-	(57,428)	
Total Expense	2,288	2,298	(22,986)	(53,994)	(33,128)	(33,079)	(33,021)	(33,033)	8,338	(9,535)	2,384	2,323	229,584	
(Over) / Under Collected 2011													258,024	

# Sun City Water Groundwater Savings Reconciliation

2010 - 2011 Revenue and Expense

2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals	
	(47,553)	(47,618)	(47,501)	(47,535)	(47,455)	(47,541)	(47,477)	(47,371)	(47,556)	(47,443)	10,950	25,089	(439,112)	82.79%
Residential (401119)	(5,925)	(6,607)	(5,712)	(6,367)	(7,609)	(10,893)	(11,043)	(11,336)	(10,008)	(9,361)	2,481	3,685	(78,695)	14.84%
Commercial (401219)	(666.81)	(29.57)	(305.51)	(1,058.37)	(1,928.75)	(2,574.00)	(2,844.10)	(1,794.44)	(1,878.24)	(1,239.21)	987.35	542.98	(12,587)	2.37%
Misc (401719)	(54,245)	(54,254)	(53,519)	(54,960)	(56,991)	(61,008)	(61,164)	(60,501)	(59,442)	(58,043)	14,418	29,316	(530,393)	100.00%
Total Revenue														
M&I	70,615	70,615	70,615	70,615	70,615	70,615	70,615	70,615					494,302	
Cap Charges			31,418		31,418					31,418			62,835	
MWD Credit			(9,072)	(5,488)	(9,072)	(8,656)	(9,568)	(9,568)	-	(14,496)	(10,176)	32,465	(34,559)	
Total Expense		70,615	70,615	65,127	92,960	61,959	61,047	61,047		16,922	(10,176)	32,465	522,578	
(Over) / Under Collected 2010								26,725				(34,540)	(7,815)	
2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals	
	25,110	25,067	25,092	25,104	25,056	25,119	25,098	25,136	25,196	25,085	25,135	25,153	301,350	82.99%
Residential (403119)	3,150	2,911	2,900	3,773	4,026	4,910	6,025	6,107	6,557	4,726	4,391	3,388	52,865	14.56%
Commercial (403120)	242	395	335	730	832	1,125	1,311	606	1,005	817	1,109	394	8,903	2.45%
Misc (403131)	28,503	28,373	28,327	29,607	29,914	31,154	32,434	31,849	32,758	30,628	30,635	28,936	363,119	100.00%
Total Revenue														
M&I	73,008	73,008	73,008	73,008	73,008	73,008	73,008						511,058	
Cap Charges					31,418				(10,704)	31,418			62,835	
MWD Credit		(73,008)	(28,128)		(2,800)	(21,408)	(10,704)	-	(10,704)	(10,704)	(10,704)	-	(67,024)	
CAP Credit for prior year													(101,136)	
Total Expense	73,008	-	44,881	73,008	101,626	51,600	62,304	-	(10,704)	20,714	(10,704)	-	406,733	
(Over) / Under Collected 2011													768,852	

**ARIZONA-AMERICAN WATER COMPANY**  
**GROUNDWATER SAVINGS FEE**

Billing Determinants													TOTAL
	2011 January	2011 February	2011 March	2011 April	2011 May	2011 June	2011 July	2011 August	2011 September	2011 October	2011 November	2011 December	2011
<b><u>Sun City West</u></b>													
Customers:													
Residential	16,923	16,917	16,925	16,886	16,858	16,861	16,853	16,851	16,862	16,902	16,922	16,927	202,687
Total	16,923	16,917	16,925	16,886	16,858	16,861	16,853	16,851	16,862	16,902	16,922	16,927	202,687
Consumption:													
Commercial	21,752	21,812	19,417	25,092	25,583	29,515	32,734	31,696	35,163	29,025	27,602	22,561	321,952
Total	21,752	21,812	19,417	25,092	25,583	29,515	32,734	31,696	35,163	29,025	27,602	22,561	321,952
<b><u>Sun City</u></b>													
Customers:													
Residential	30,455	30,467	30,519	30,481	30,479	30,482	30,500	30,514	30,513	30,512	30,540	30,545	366,007
Total	30,455	30,467	30,519	30,481	30,479	30,482	30,500	30,514	30,513	30,512	30,540	30,545	366,007
Consumption:													
Commercial	53,300	49,256	49,289	63,908	68,222	83,211	102,103	103,396	111,126	80,275	74,267	57,463	895,816
Irrigation	4,110	6,695	38	84	174	178	264	195	311	284	254	235	12,822
Total	57,410	55,951	49,327	63,992	68,396	83,389	102,367	103,591	111,437	80,559	74,521	57,698	908,638

**Arizona-American Water Company**  
(Name of Company)

CANCELING 7th Revised  
6th Revised

SHEET NO. 8  
SHEET NO. 8

**Sun City Water District**  
(Name of Service Area)

**Groundwater Savings Fee GSF - 1**

**Applicability**

Applicable to all customers of this District receiving service under General Water Rate G-1, Irrigation Water Rate I-1 or Public Interruptible Water Service Rate PIR-1.

**Residential Users**

Flat Rate per unit per month Rate  
\$1.2043 \*

\* Rate consists of \$0.0550 per unit to collect the under collection of prior years' surcharge and \$1.1493 per unit for the collection of current annual CAP charges.

**Other Users**

All Usage per 1,000 gallons per month Rate  
\$0.0994\*\*

\*\* Rate consists of \$0.0045 per 1,000 gallons of usage to collect the under collection of prior years' surcharge and \$0.0949 per 1,000 gallons of usage for the collection of current annual CAP charges.

**Terms and Conditions**

**Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee**

At the close of each calendar year, the Company will compute the surcharge revenues for ongoing CAP water costs billed and received during the previous twelve months and compare such total with the actual CAP water payments applicable to the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1<sup>st</sup>. The new rates will be developed as follows:

Surcharge revenues during the preceding calendar year.

- Actual CAP payments (including MWD credits) applicable to preceding year  
= (+) surplus or (-) deficit  
+ Estimated CAP payments for coming year (M&I + delivery - MWD credits)  
= Total target amount to recover during the coming March - February

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March - February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts which are assessed directly or indirectly on the basis of revenues derived from this Schedule.

---

ISSUED	<u>January</u>	<u>27</u>	<u>2012</u>	EFFECTIVE	<u>March</u>	<u>1</u>	<u>2012</u>
	Month	Day	Year		Month	Day	Year

ISSUED BY Thomas M. Broderick, Director, Rates & Regulation

2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027

Decision No. xxxxx



Arizona-American Water Company  
(Name of Company)

CANCELING 7th Revised  
6th Revised

SHEET NO. 8a  
SHEET NO. 8a

Sun City Water District  
(Name of Service Area)

RESERVED

---

ISSUED	<u>January</u>	<u>27</u>	<u>2012</u>	EFFECTIVE	<u>March</u>	<u>1</u>	<u>2012</u>
	Month	Day	Year		Month	Day	Year

ISSUED BY Thomas M. Broderick, Director, Rates & Regulation

2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027

Decision No. xxxxx

**Arizona-American Water Company**  
(Name of Company)

CANCELING

7th Revised

6th Revised

SHEET NO. 8

SHEET NO. 8

**Sun City West Water District**  
(Name of Service Area)

**Groundwater Savings Fee GSF - 1**

**Applicability**

Applicable to all customers of this District receiving service under General Water Rate G-1 or Construction Water Service CW-1.

**Residential Users**

	<u>Rate</u>
Flat Rate per unit per month	\$1.1866 *

\* Rate consists of (\$0.0193) per unit to refund the over collection of prior years' surcharge and \$1.2059 per unit for the collection of current annual CAP charges.

**Other Users**

	<u>Rate</u>
All Usage per 1,000 gallons per month	\$0.1302 **

\*\*Rate consists of (\$0.0021) per 1,000 gallons of usage to refund the over collection of prior years' surcharge and \$0.1323 per 1,000 gallons of usage for the current annual CAP Charges.

**Terms and Conditions**

**Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee**

At the close of each calendar year, the Company will compute the surcharge revenues for ongoing CAP water costs billed and received during the previous twelve months and compare such total with the actual CAP water payments applicable to the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1<sup>st</sup>. The new rates will be developed as follows:

Surcharge revenues during the preceding calendar year.

-	<u>Actual CAP payments (including MWD credits) applicable to preceding year</u>
=	(+) surplus or (-) deficit
+	<u>Estimated CAP payments for coming year (M&amp;I + delivery - MWD credits)</u>
=	<u>Total target amount to recover during the coming March - February</u>

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March - February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts which are assessed directly or indirectly on the basis of revenues derived from this Schedule.

ISSUED	<u>January</u>	<u>27</u>	<u>2012</u>	EFFECTIVE	<u>March</u>	<u>1</u>	<u>2012</u>
	Month	Day	Year		Month	Day	Year

ISSUED BY Thomas M. Broderick, Director, Rates & Regulation

2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027

Decision No. xxxxx

Arizona-American Water Company

(Name of Company)

CANCELING

7th Revised

6th Revised

SHEET NO.

8a

SHEET NO.

8a

Sun City West Water District

(Name of Service Area)

RESERVED

ISSUED

January

Month

27

Day

2012

Year

EFFECTIVE

March

Month

1

Day

2012

Year

ISSUED BY Thomas M. Broderick, Director, Rates & Regulation

2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027

Decision No. xxxxx